

Office of City Auditor

CITY AGENCIES' BUDGET RENT A CAR POLICIES AND PRACTICES

DECEMBER 20, 2001

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City of Seattle

Office of City Auditor
Susan Cohen, City Auditor

December 20, 2001

The Honorable Paul Schell
Seattle City Councilmembers
City of Seattle
Seattle, Washington 98104

Dear Mayor Schell and City Councilmembers:

Attached is our report regarding the review of City Agencies' Budget Rent A Car Policies and Practices. The purpose of the study was to determine the guidelines and conditions under which City agencies allow employees to secure rental vehicles from Budget Rent A Car. We determined that the surveyed City agencies' generally adhered to City policies in their use of rental vehicles, and that three of the four agencies had established policies and procedures to manage the use of rental vehicles.

We appreciate the cooperation we received from staff at Seattle City Light, the Seattle Police Department, the Seattle Public Library, and Seattle Public Utilities during the review. If you have any questions regarding this report or would like additional information, please contact me at 233-1093, or Wendy K. Soo Hoo at 615-1117. To improve our work, we ask our readers to complete and return the evaluation form at the back of this report.

Sincerely,

A handwritten signature in black ink that reads "Susan Cohen".

Susan Cohen
City Auditor

SC:WSH:tlb

Attachment

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EXECUTIVE SUMMARY

The Office of City Auditor initiated the review of City agencies' Budget Rent A Car policies and practices in 2001 to determine the guidelines and conditions under which City agencies allow employees to secure rental vehicles. We administered a *Budget Rent A Car Practices Self-Assessment Questionnaire* to four City agencies to evaluate their policies and procedures regarding the use of rental vehicles. The agencies were: Seattle City Light, Seattle Police Department, the Seattle Public Library, and Seattle Public Utilities.

City Agencies Generally Adhered to City Policies in Their Use of Rental Vehicles.

The Seattle Municipal Code prohibits employees from using City owned or leased vehicles for non-City business. Based on our review of City agencies' responses to the self-assessment questionnaire, we found that agencies generally adhered to City policies in their use of rental vehicles, and used Budget Rent A Car vehicles when comparable or adequate City vehicles were not available.

Three of Four City Agencies Responding to the Questionnaire Developed Internal Policies or Internal Controls to Ensure Compliance with City Policies.

All four surveyed City agencies reported that employees used rental vehicles exclusively to conduct City business, in compliance with City policies. Three of the four agencies (Seattle City Light, Seattle Police Department, and the Seattle Public Library) had established internal policies or internal controls to ensure that employees used rental vehicles in accordance with City policies. Only Seattle Public Utilities had not established policies or procedures to manage the use of rental cars.

However, City agencies did not consistently maintain documentation regarding the justification for the use of rental vehicles. In response to the audit review, the Fleets Division developed an *External Rental Vehicle Form* to ensure that City agencies maintain consistent documentation for use of rental vehicles. The Fleets Division plans to make the form available at the motor pool and on its web site.

Recommendations:

1. City agencies without established internal rental car guidelines should develop policies and procedures to identify the circumstances warranting the use of rental vehicles under the City's contract with Budget Rent A Car.
2. City agencies that do not have internal controls in place should develop procedures to ensure that employees use rental vehicles exclusively to conduct City business. If an employee uses a rental vehicle for non-City purposes, the agency should require the employee to discontinue personal use of the rental vehicle and reimburse the City for rental charges accrued while conducting personal business.

CHAPTER 1: INTRODUCTION

At the request of the Department of Finance's Accounting Services Division, the Office of City Auditor conducted an audit of the Public Safety Civil Service Commission's use of rental vehicles in 2000, and determined that the Public Safety Civil Service Commission's rental car practices did not comply with City policies. Subsequent to the release of the Public Safety Civil Service Commission audit, a Commission employee requested a review of City wide rental car practices to determine if other employees used City rental vehicles for both personal and business use.

The Office of City Auditor initiated the review of City agencies' Budget Rent A Car policies and practices in May 2001. We found that other City agencies' and employees' rental car practices sufficiently complied with City laws and policies.

Background on Budget Rent A Car Contract Service and City Motor Pool Service

The City maintains a blanket contract with Budget Rent A Car for rentals of automobiles, vans and sports utility vehicles required to conduct City business.¹ Generally, City employees use Budget Rent A Car vehicles for travel outside Seattle, and City vehicles for local City business. The Fleets Division of the City's Fleet and Facilities Department maintains a supply of motor pool vehicles for City employees' use. Large City agencies also maintain internal motor pool vehicles that employees can use to conduct City business.

The City motor pool's supply of special purpose vehicles and vehicles that can be signed out for an extended period of time is limited. (Although motor pool vehicles may be reserved for a maximum of 30 days, City employees generally use vehicles for less than 24 hours.²) Thus, City agencies rent vehicles to conduct local City business if the City's Fleets Division or internal department motor pools are unable to accommodate vehicle requests for extended periods or for special purpose vehicles.

Both the Budget Rent A Car contract and Seattle Municipal Code restrict employees from using rental cars for personal business. The Budget Rent A Car blanket contract states that rental cars are to be used by City employees conducting official government business. The Seattle Municipal Code (SMC) prohibits the use of City rental vehicles for non-City purposes. Specifically, SMC 3.18.140 states that City employees should use City owned or leased vehicles exclusively for the conduct of municipal business. SMC 4.16.070 states that no City employee shall "use or permit the use of City property for a purpose which is, or to a reasonable person would appear to be, for other than a City purpose."

¹City of Seattle Vendor Contract #B90004, Change Order #3 with Budget Rent A Car & Truck, September 13, 1999.

²The Fleets Division requires City employees to complete a Vehicle Special Assignment Form to reserve motor pool vehicles on an extended basis (i.e., overnight or longer). In addition, the Fleets Division created an *External Rental Vehicle Approval Form* for City agencies to document the use and justification of rental vehicles from outside vendors in response to the Office of City Auditor's review of City wide rental car practices.

Study Objectives

The Office of City Auditor initiated the review of City agencies' Budget Rent A Car practices during 2001 to determine the guidelines and conditions under which City agencies allow employees to secure rental vehicles, and to evaluate City agencies' policies and procedures regarding the use of rental vehicles.

Scope and Methodology

The study focused on a review of all vehicles rented between May and October 2000. However, we limited our in-depth analysis to vehicles rented in Seattle that involved weekend use, and with pre-tax invoice charges greater than \$40. We analyzed City policies and procedures, Summit³ vendor utilization reports, rental vehicle invoices and the Budget Rent A Car blanket contract.

We identified five City agencies that rented 40 Seattle-based, weekend-use rental vehicles. The agencies were the Public Safety Civil Service Commission, Seattle Public Utilities, Seattle City Light, the Seattle Public Library, and the Seattle Police Department. We administered a *Budget Rent A Car Practices Self-Assessment Questionnaire* to the agencies, excluding the Public Safety Civil Service Commission. We excluded the Public Safety Civil Service Commission's eight rental vehicles from the review because we previously issued an audit report regarding the Commission's rental car practices in April 2001. For more information, please refer to the *Public Safety Civil Service Commission's Budget Rent A Car Practices* audit report.

The *City Agencies' Budget Rent A Car Policies and Practices* study was conducted in accordance with generally accepted auditing standards.

³Summit is the City of Seattle's financial accounting and reporting system.

CHAPTER 2: CITY WIDE BUDGET RENT A CAR PRACTICES

The surveyed City agencies generally adhered to City policies in their use of rental vehicles. City agencies typically used Budget Rent A Car vehicles when comparable or adequate City vehicles were not available. All four of the agencies that responded to the Budget Rent A Car Practices Self-Assessment Questionnaire reported that employees used rental vehicles exclusively to conduct City business. In addition, three of the four agencies had established internal policies or internal controls to ensure that employees used rental vehicles in accordance with City policies.

This chapter examines the specific guidelines and conditions under which four City agencies rented 32 vehicles for City business between May and November 2000. This chapter reviews the nature of the City vehicle rentals, the type of vehicles rented, and whether the City agencies exercised appropriate control of personal use of rental vehicles.

City Agencies Generally Adhered to City Policies in Their Use of Rental Vehicles.

Between May and October 2000, Seattle Public Utilities, Seattle City Light, the Seattle Public Library and the Seattle Police Department rented 32 vehicles from Seattle-based Budget Rent A Car outlets that involved weekend use. Exhibit 1 below displays the distribution of the 32 vehicle rentals.

EXHIBIT 1 RENTAL VEHICLES BY DEPARTMENT	
City Agency	Number of Seattle-Based, Weekend Use Rentals
Seattle Public Utilities	29
Seattle City Light	1
Seattle Police Department	1
Seattle Public Library	1
<i>Total</i>	32
Source: Summit Vendor Utilization Report, May to October 2000.	

As shown in the exhibit above, Seattle Public Utilities rented 29 of the 32 vehicles. (Please see Appendix 2 for more information regarding the vehicles rented by Seattle Public Utilities.) Seattle City Light, the Seattle Public Library, and the Seattle Police Department each rented one vehicle.

We asked the agencies to provide justifications for their use of rental vehicles. We determined that City agencies adhered to policies regarding the use of rental vehicles because they provided reasonable justifications for renting vehicles. The agencies' justifications for the rental vehicles included requirements for special purpose vehicles, such as large trucks or vans, and coverage of public events scheduled on weekends.⁴

Exhibit 2 below displays a summary of the types of vehicles rented by the surveyed City agencies. City agencies rented 20 special purpose vehicles and 12 mid-sized vehicles from Seattle-based outlets that involved weekend use between May and October 2000.

Exhibit 2 Special Purpose Vehicle and Mid-Size Vehicle Rentals			
City Agency	Special Purpose Vehicles	Mid-Size Vehicles	Total Rental Vehicles
Seattle City Light	0	1	1
Seattle Police Department	1	0	1
Seattle Public Library	1	0	1
Seattle Public Utilities	18	11	29
<i>Total</i>	<i>20</i>	<i>12</i>	<i>32</i>
Source: Summit Vendor Utilization Report, May to October 2000.			

We questioned City agencies' justification for renting mid-sized vehicles because the City maintains its own fleet of mid-sized vehicles. As shown in the exhibit above, Seattle Public Utilities rented 11 of the mid-size vehicles. The mid-sized sedans were rented to transport garbage collection inspectors retained on contract during 2000. Seattle Public Utilities originally secured internal department motor pool cars for the contract inspectors, but later secured rental vehicles from Budget Rent A Car due to operational considerations. The Solid Waste Contract Administration Supervisor approved the rental vehicles for the exclusive conduct of City business in accordance with City policies.

A Seattle City Light employee also rented a mid-size Budget Rent A Car vehicle comparable to a motor pool vehicle in 2000. The employee rented the vehicle because he assumed that a five-day vehicle request would not be approved due to high demand for City vehicles. The employee rented the vehicle to drive to a City Light work location at Boundary Dam in Eastern Washington. Although the employee should have contacted the Fleets Division prior to securing a Budget Rent A Car vehicle, the use of a rental vehicle was appropriately justified based on required travel to a remote location to conduct City business.

Overall, City agencies adhered to City policies in renting the 32 Seattle-based Budget Rent A Car vehicles that involved weekend use, including 20 special purpose vehicles and 12 mid-size vehicles. This determination was based on the fact that City agencies generally rented Seattle-

⁴The Fleets Division maintains a limited number of vans and sport utility vehicles, but does not maintain any large trucks.

based Budget Rent A Car vehicles when comparable or adequate City vehicles were not available.

Recommendation

Please see recommendations at the end of the next finding.

Three of Four City Agencies Responding to the Questionnaire Had Developed Internal Policies or Internal Controls to Ensure Compliance with City Policies.

Three of the four City agencies that responded to the *Budget Rent A Car Practices Self-Assessment Questionnaire* had internal procedures in place to identify circumstances warranting the use of rental vehicles and to ensure compliance with City policies. The Seattle Police Department required staff to secure the approval of the Fiscal, Property, and Fleet Services Director, who reviews all departmental purchasing requests (including requests to secure rental vehicles) to ensure each request is appropriately justified. In addition, supervisors are present to monitor the use of rental vehicles, which are typically rented for special events.

Seattle City Light also maintained procedures to ensure appropriate use of rental vehicles. City Light required employees to complete a *Travel Request and Approval Form* when traveling to conduct City business. City Light employees are required to indicate the dates of travel, the reason (i.e., conference, training, etc.), and obtain supervisor approval of the request on the *Travel Request and Approval Form*. City Light also required employees to submit a *Travel Request and Approval Form* when securing rental vehicles to conduct City business locally. In addition, City Light has established internal procedures to identify costs associated with personal use of rental vehicles and to recover the costs in a timely manner.

The Seattle Public Library also established internal controls to ensure that employees use rental vehicles exclusively to conduct authorized City business. Specifically, the Seattle Public Library Fleet Supervisor reviewed employees' daily route assignments and controlled the keys to rental vehicles overnight.

Seattle Public Utilities, however, indicated that it had not yet established internal policies or procedures to monitor the use of City rental vehicles or to identify the circumstances warranting use of rental vehicles. Given its frequent use of rental vehicles, Seattle Public Utilities needs to establish effective internal policies and controls to ensure that employees use City rental vehicles in accordance with City policies.

As the result of inconsistent rental car practices identified during the Office of City Auditor review, the Fleets Division developed an *External Rental Vehicle Approval Form*. (Please refer to Appendix 1.) The purpose of the new form is to ensure that City agencies have consistent documentation and justification for use of rental vehicles. The Fleets Division plans to make the form available at the motor pool and on its web site.

Recommendations

1. Seattle Public Utilities and other City agencies without established rental car guidelines should develop policies and procedures to identify the circumstances warranting the use of rental vehicles under the City's contract with Budget Rent A Car. City agencies should ensure that the internal rental car policies reference documentation requirements and the City's *External Rental Vehicle Approval Form*.
2. City agencies should contact the Fleets Division motor pool to obtain an *External Rental Vehicle Approval Form* prior to renting vehicles from outside vendors. City agencies should complete and retain the *External Rental Vehicle Approval Form* to ensure that they have appropriate documentation and justification for use of rental vehicles.

City Agencies Did Not Use City Rental Vehicles For Personal Business, But Risk Management Identified Personal Use of Rental Vehicles As a Potential Liability Issue.

All of the City agencies that responded to the questionnaire reported that employees used rental vehicles exclusively for City business. Therefore, none of the agencies were required to seek employee reimbursement for expenses related to the personal use of City rental vehicles.

We asked Risk Management to identify potential liability issues associated with personal use of rental vehicles. Risk Management stated that employees are responsible for any damages incurred during the personal use of rental vehicles, because the City does not budget coverage of personal vehicle expenses within its self-insurance program. According to Risk Management, a public employee in another jurisdiction lost his home to pay damages resulting from an accident that occurred while he was using a county car for personal business.

The surveyed agencies reported that only one of the 32 rental vehicles was involved in an accident. The minor accident occurred during the course of City business. No physical injuries were sustained and Budget Rent A Car covered the cost of vehicular damage as specified in the blanket contract.

Recommendation

1. City agencies should develop controls to ensure that employees use rental vehicles exclusively to conduct authorized City business. If a City agency determines that an employee has used a rental vehicle for non-City purposes, however, the agency should require the employee to discontinue personal use of the rental vehicles and reimburse the City for rental charges accrued while conducting personal business.
 2. City agencies should ensure that employees are aware that they could be personally liable if an accident occurs while they are conducting personal business in a City rental vehicle.
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APPENDIX 1

The matrix below displays Seattle Public Utilities' monthly Budget Rent A Car invoices processed and recorded in the City of Seattle's Summit Vendor Utilization Report. Seattle Public Utilities rented eight vehicles during May to October 2000, but received a total of 29 individual monthly invoices because six vehicles were rented in excess of one month.

SUMMARY OF SEATTLE PUBLIC UTILITIES' RENTAL VEHICLES, MAY TO OCTOBER 2000			
Date Rented	Date Returned	Number of Monthly Invoices	Purpose of Rental Vehicle
June 12, 2000	September 27, 2000	4	Rented a large vehicle temporarily for creek habitat monitoring until new departmental vehicle arrived
April 5, 2000	November 6, 2000	7	Rented a large vehicle to transport hardware between City buildings; hardware was too large to fit in a City car.
June 4, 2000	June 7, 2000	1	Rented a large vehicle to transport hardware between City buildings; hardware was too large to fit in a City car.
June 22, 2000	August 18, 2000	3	Rented a large vehicle to pick up materials for the ECO-TEAM Summer Youth Program from June 25 to August 17, 2000.
June 1, 2000	June 30, 2000	1	Rented a large vehicle to transport crews and tools between worksites. Project required a full-time vehicle during the summer and availability of City vehicles was limited.
August 7, 2000	October 7, 2000	2	Rented a large vehicle to transport crews and tools between worksites. Project required a full-time vehicle during the summer and availability of City vehicles was limited.
April 19, 2000	August 4, 2000	4	Rented a mid-sized vehicle to transport contract inspectors retained to monitor new garbage collections that went into effect in April 2000. SPU originally secured a City vehicle, but later secured external rental vehicles due to operational considerations.
April 3, 2000	October 25, 2000	7	Rented a mid-sized vehicle to transport contract inspectors retained to monitor new garbage collections that went into effect in April 2000. SPU originally secured a City vehicle, but later secured external rental vehicles due to operational considerations.
Source: Budget Rent A Car Invoice Summaries, May to October 2000.			

APPENDIX 2



FLEETS AND FACILITIES DEPARTMENT EXTERNAL RENTAL VEHICLE APPROVAL FORM

Department Name	
Name of Driver/Operator	
Org Unit	
Type of Vehicle Requested	
Justification for Vehicle	
Start Date	
End Date	
Is this type of vehicle available within your department's motor pool?	
Is this type of vehicle available from the Fleets Division's motor pool?	
Will the rental vehicle be secured at a non-City facility overnight? (If yes, please complete a Vehicle Special Assignment form.)	

By signing below, the requestor acknowledges that he/she is aware that use of a City rental vehicle for any non-City purpose is prohibited (Seattle Municipal Code 4.16.070).

Requestor Signature:

Date:

Department Approval:

Date:

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Office of City Auditor Report Evaluation Form

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Our mission at the Office of City Auditor is to help assist the City in achieving honest, efficient management and full accountability throughout the City government. We service the public interest by providing the Mayor, the City Council and City managers with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of the citizens of Seattle.

Your feedback helps us do a better job. If you could please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

* * * * *

Report: **City Agencies' Budget Rent A Car Policies and Practices**

Please rate the following elements of this report by checking the appropriate box:

	Too Little	Just Right	Too Much
Background Information			
Details			
Length of Report			
Clarity of Writing			
Potential Impact			

Suggestions for our report format: _____

Suggestions for future studies: _____

Other comments, thoughts, ideas: _____

Name (Optional): _____

Thanks for taking the time to help us.

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Call: Susan Cohen, City Auditor, 233-3801

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